

Message Text

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20

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 IO-10 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 SAJ-01 SAM-01 L-02 H-02 DODE-00 PA-01 USIA-06

PRS-01 PM-03 /107 W

----- 071910

R 180825Z APR 75

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 3430

INFO AMEMBASSY BLANTYRE

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMCONSUL LUANDA

AMEMBASSY LUSAKA

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

USMISSION USUN

CINCLANT FOR POLAD

CINCEUR

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN, ECON, MILL, MZ, PO

SUBJECT: FRELIMO-PORTUGUESE NEGOTIATIONS

REF: LOURENCO MARQUES 389

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QM THIRD PHASE OF FRELIMO-PORTUGAL ECONOMIC AND FINANCIAL TALKS ENDED APRIL 15 WITH SIGNATURE OF IMPORTANT ACCORDS. FIRST CONCERNED TRANSFER TO MOZAMBIQUE OF THE LOCAL DEPARTMENT OF THE BANCO NACIONAL ULTRAMARINO (BNU) AND THE ASSOCIADA DE FINANCEIRA PORTUGUESA (BFN CONTROLS THE LARGE MARAGRA SUGAR COMPANY AT MANICA). IT WAS AGREED THE LOCAL ASSETS AND LIABILITIES OF THESE ENTITIES ARE TO BE LEGALLY TRANSFERRED TO THE MOZAMBIQUE GOVERNMENT PRIOR TO INDEPENDENCE.

2. EQUALLY IMPORTANT, AGREEMENT WAS REACHED ON THE FORMATION OF A CHARTERED MOZAMBIKAN COMPANY TO BE CALLED "HIDROELECTRICA DE CABORA BASSA, SARL". COMPANY'S HEADQUARTERS WILL BE LOURENCO MARQUES AND IT WILL BE SET UP BY NEXT MONTH. MAJORITY CAPITAL WILL BE HELD BY THE PORTUGUESE STATE AND PORTUGUESE FINANCIAL INSTITUTIONS, WITH EQUITY EVENTUALLY TO BE TURNED OVER TO MOZAMBIQUE STATE. ONE MAJOR PURPOSE OF THE NEW COMPANY WILL BE TO NEGOTIATE (WITH SOUTH AFRICA) REVISED CONTRACTS WITH NEW ENERGY RATES TO MAKE OPERATIONS PROFITABLE FOR MOZAMBIQUE. PORTUGUESE SECRETARY OF STATE SAMPAIO QUOTED AS SAYING ENERGY SALES TO SOUTH AFRICA WILL START IN OCTOBER-NOVEMBER 1975. ELECTRIC POWER ACCORD ALSO INCLUDES AGREEMENT TO HAND OVER THERMAL POWER PLANTS AT REVUE AND LOURENCO MARQUES "WITHIN A SHORT TIME".

3. AGREEMENT ON TELECOMMUNICATIONS STIPULATES THAT RADIO MARCONI OF MOZAMBIQUE (WE UNDERSTAND THAT THE PORTUGUESE PARENT COMPANY IS LARGELY BELGIAN-OWNED) WILL BE PROGRESSIVELY TURNED INTO AN AUTONOMOUS MOZAMBIQUE-CHARTERED COMPANY.

4. PROTOCOLS ON TRANSPORTATION SIMPLY STATE THAT AN AVIATION AGREEMENT AND AN AGREEMENT ON MARITIME RELATIONS WILL BE SIGNED LATER REGULATING FUTURE RELATIONS BETWEEN THE TWO INDEPENDENT COUNTRIES IN THESE FIELDS.

5. OTHER ACCORDS INCLUDED ONE ON FUTURE SCIENTIFIC AND TECHNICAL COOPERATION, STATING THAT THE TWO PARTIES WOULD ESTABLISH A STATUTE GOVERNING THE CONDITIONS OF WORK, JURIDICAL STATUS, ETC., OF PORTUGUESE TECHNICIANS WORKING IN INDEPENDENT MOZAMBIQUE. ANOTHER PROTOCOL STATED THAT A TRADE AGREEMENT WOULD BE NEGOTIATED SOON WHICH WOULD BE BASED ON LIMITED OFFICIAL USE

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THE PRINCIPLE OF "RECIPROCITY".

6. FOURTH PHASE OF TALKS ARE TO RESUME IN LOURENCO MARQUES NEXT MONTH.

7. COMMENTS: WE UNDERSTAND THAT THE TWO MOST SIGNIFICANT ISSUES, NAMELY THE BNU TRANSFER AND CABORA BASSA, WERE FINALLY SETTLED DURING THE THIRD PHASE. WE ALSO HAVE RELIABLE REPORTS

THAT TWO THORNY ISSUES NOT SETTLED WERE THE QUESTION OF TAP'S
ESCUDO RESERVES IN MOZAMBIQUE AND THE STATUS OF THE TWO
MAJOR PORTUGUESE-OWNED SHIPPING COMPANIES HERE. RE FORMER, TAP
HAS ACCUMULATED ABOUT \$6 MILLION IN MOZAMBIQUE WHICH WAS
LOANED TO MOZAMBIQUE FOR THE CONSTRUCTION OF LOCAL INFRA-
STRUCTURE AND FACILITIES, TO BE PAID BACK IN PORTUGUESE
ESCUDOS, INCLUDING A HIGH RATE OF INTEREST. REPORTEDLY THE
MOZAMBIQUE SIDE WOULD LIKE TO WRITE OFF THIS DEBT BUT TAP
IS MOST RELUCTANT. RE SHIPPING, THE COMPANHIA COLONIAL DE
NAVEGACAO AND THE COMPANHIA NACIONAL DE NAVEGACAO ARE
WHOLLY-OWNED BY PORTUGUESE FINANCIAL INTERESTS, WHICH WERE
NATIONALIZED ON APRIL 16. REPORTEDLY MAJOR PROBLEMS INCLUDE
RATES, HALF-EMPTY SHIPS COMING FROM PORTUGAL TO PICK UP
EXPORTS AND THE FACT THAT, IF MOZAMBIQUE IS TO START USING
NON-PORTUGUESE SHIPPING, IT IS NOT A MEMBER OF ANY AFRICAN
SHIPPING CONFERENCE. REFERENCE TO "RECIPROCITY" IN FUTURE
TRADE AGREEMENT PROBABLY MEANS REVERSE PREFERENCES.
WALKER

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